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## DEED OF TRUST

### DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) **“Deed of Trust”** means this document, which is dated \_\_\_\_\_, \_\_\_\_\_, together with all Riders to this document.

(B) **“Grantor”** is [ALL CAPS – UNDERLINE LAST NAME]. Grantor is the trustor under this Deed of Trust.

(C) **“Beneficiary”** grantee for indexing purposes only, is [ALL CAPS]. Beneficiary is a \_\_\_\_\_ organized and existing under the laws of Virginia.

Beneficiary’s address is \_\_\_\_\_.

(D) **“Trustee”** grantees for indexing purpose only, is [ALL CAPS – UNDERLINE LAST NAME]. Trustee (whether one or more persons) is a Virginia resident and/or a United States- or Virginia-chartered corporation whose principal office is located in Virginia. Trustee’s address is \_\_\_\_\_.

(E) **“Note”** means the purchase promissory note signed by Grantor and dated \_\_\_\_\_, \_\_\_\_\_. The Note states that Grantor owes Beneficiary \_\_\_\_\_

Dollars (U.S. \$\_\_\_\_\_) plus interest. Grantor has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than \_\_\_\_\_.

(F) **“Property”** means the property that is described below under the heading “Transfer of Rights in the Property.”

(G) **“Loan”** means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Deed of Trust, plus interest.

(H) **“Riders”** means all riders to this Deed of Trust that are executed by Grantor. The following riders are to be executed by Grantor [check box as applicable]:

- ☐ Condominium Rider
- ☐ Planned Unit Development Rider
- ☐ Other(s) [specify] \_\_\_\_\_

(I) **“Applicable Law”** means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(J) **“Community Association Dues, Fees and Assessments”** means all dues, fees, assessments and other charges that are imposed on Grantor or the Property by a condominium association, homeowners association or similar organization.

(K) **“Electronic Funds Transfer”** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(L) **“Escrow Items”** mean those items that are described in Section 3.

(M) **“Miscellaneous Proceeds”** means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for (i) damage to, or destruction of, the Property, (ii) condemnation or other taking of all or any part of the

Property, (iii) conveyance in lieu of condemnation or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

**(N) "Periodic Payment"** means the regularly scheduled amount due for (1) principal and interest under the Note, plus (2) any amounts under Section 3 of this Deed of Trust.

**(O) "Successor in Interest of Grantor"** means any party that has taken title to the Property, whether or not that party has assumed Grantor's obligations under the Note and/or this Deed of Trust.

#### TRANSFER OF RIGHTS IN THE PROPERTY

THAT in consideration of the Loan and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor irrevocably grants and conveys to Trustee, with general warranty, in trust, and with power of sale, the following described property located in the \_\_\_\_\_ of \_\_\_\_\_: [Type of

Recording Jurisdiction] [Name of Recording Jurisdiction] which currently has the address of

\_\_\_\_\_  
[Street]

\_\_\_\_\_, Virginia \_\_\_\_\_ ("Property Address"):

[City/County] [Zip Code]

#### [LEGAL DESCRIPTION OF PROPERTY]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property."

IN TRUST, to secure (a) repayment of the Loan, and all renewals, extensions and modifications of the Note; and (b) the performance of Grantor's covenants and agreements under this Deed of Trust and the Note.

GRANTOR COVENANTS that Grantor is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Grantor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS DEED OF TRUST combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform Deed of Trust covering real property.

UNIFORM COVENANTS. Grantor and Beneficiary covenant and agree as follows:

#### **1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.**

Grantor shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Grantor shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Deed of Trust shall be made in U.S. currency. However, if any check or other instrument received by Beneficiary as payment under the Note or this Deed of Trust is returned to Beneficiary unpaid, Beneficiary may require that any or all subsequent payments due under the Note and this Deed of Trust be made in one or more of the following forms, as selected by Beneficiary: (a) cash, (b) money order, (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity or (d) Electronic Funds Transfer. Payments are deemed received by Beneficiary when received at the location designated in the Note or at such other location as may be designated by Beneficiary in accordance with the notice provisions in Section 15. Beneficiary may return any payment(s) or partial payment(s) if the payment(s) or partial payments are insufficient to bring the Loan current. Beneficiary may accept any payment(s) or partial payment(s) insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment(s) or partial payments in the future, but Beneficiary is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Beneficiary need not pay interest on

unapplied funds. Beneficiary may hold such unapplied funds until Grantor makes payment(s) to bring the Loan current. If Grantor does not do so within a reasonable period of time, Beneficiary shall either apply such funds or return them to Grantor. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Grantor might have now or in the future against Beneficiary shall relieve Grantor from making payments due under the Note and this Deed of Trust or performing the covenants and agreements secured by this Deed of Trust.

**2. Application of Payments or Proceeds.** Unless applicable law provides otherwise, all payments received by Lender shall be applied in the following order of priority: (1) to any prepayment charges provided for under the Note; (2) amounts due under Section 3; (3) other amounts advanced by Lender under this Security Instrument; (4) interest (including Default Interest) due on the Loan; (5) principal due under the Note; and (6) any late charges due under the Note. If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note. Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

**3. Funds for Escrow Items.** Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3. The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

**4. Charges; Liens.** Grantor shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Deed of Trust, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees,

and Assessments, if any. To the extent that these items are Escrow Items, Grantor shall pay them in the manner provided in Section 3. Grantor shall promptly discharge any lien which has priority over this Deed of Trust unless Grantor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary, but only so long as Grantor is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Beneficiary's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust. If Beneficiary determines that any part of the Property is subject to a lien which can attain priority over this Deed of Trust, Beneficiary may give Grantor a notice identifying the lien. Within 10 days of the date on which that notice is given, Grantor shall satisfy the lien or take one or more of the actions set forth above in this Section 4. Beneficiary may require Grantor to pay a one-time charge for a real estate tax verification and/or reporting service used by Beneficiary in connection with this Loan.

**5. Property Insurance.** Grantor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Beneficiary requires. What Beneficiary requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Grantor subject to Beneficiary's right to disapprove Grantor's choice, which right shall not be exercised unreasonably. Beneficiary may require Grantor to pay, in connection with this Loan, either: (1) a one-time charge for flood zone determination, certification and tracking services or (2) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Grantor shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Grantor. If Grantor fails to maintain any of the coverages described above, Beneficiary may obtain insurance coverage, at Beneficiary's option and Grantor's expense. Beneficiary is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Beneficiary, but might or might not protect Grantor, Grantor's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Grantor acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Grantor could have obtained. Any amounts disbursed by Beneficiary under this Section 5 shall become additional debt of Grantor secured by this Deed of Trust. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Beneficiary to Grantor requesting payment. All insurance policies required by Beneficiary and renewals of such policies shall be subject to Beneficiary's right to disapprove such policies, shall include a standard mortgage clause, and shall name Beneficiary as mortgagee and/or as an additional loss payee. Beneficiary shall have the right to hold the policies and renewal certificates. If Beneficiary requires, Grantor shall promptly give to Beneficiary all receipts of paid premiums and renewal notices. If Grantor obtains any form of insurance coverage, not otherwise required by Beneficiary, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Beneficiary as mortgagee and/or as an additional loss payee. In the event of loss, Grantor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor. Unless Beneficiary and Grantor otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Beneficiary, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Beneficiary's security is not lessened. During such repair and restoration period, Beneficiary shall have the right to hold such insurance proceeds until Beneficiary has had an opportunity to inspect such Property to ensure the work has been completed to Beneficiary's satisfaction, provided that such inspection shall be undertaken promptly. Beneficiary may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Beneficiary shall not be required to pay Grantor any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Grantor shall not be paid out of the insurance proceeds and shall be the sole obligation of Grantor. If the restoration or repair is not

economically feasible or Beneficiary's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with the excess, if any, paid to Grantor. Such insurance proceeds shall be applied in the order provided for in Section 2. If Grantor abandons the Property, Beneficiary may file, negotiate and settle any available insurance claim and related matters. If Grantor does not respond within 30 days to a notice from Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Beneficiary acquires the Property under Section 22 or otherwise, Grantor hereby assigns to Beneficiary (1) Grantor's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Deed of Trust, and (2) any other of Grantor's rights (other than the right to any refund of unearned premiums paid by Grantor) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Beneficiary may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Deed of Trust, whether or not then due.

**6. Occupancy.** Grantor shall occupy, establish, and use the Property as Grantor's principal residence within sixty days after the execution of this Deed of Trust and shall continue to occupy the Property as Grantor's principal residence for the term of the Loan, unless Beneficiary otherwise agrees in writing, unless extenuating circumstances exist which are beyond Grantor's control.

**7. Preservation, Maintenance and Protection of the Property; Inspections.** Grantor shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Grantor is residing in the Property, Grantor shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Grantor shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Grantor shall be responsible for repairing or restoring the Property only if Beneficiary has released proceeds for such purposes. Beneficiary may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Grantor is not relieved of Grantor's obligation for the completion of such repair or restoration. Beneficiary or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Beneficiary may inspect the interior of the improvements on the Property. Beneficiary shall give Grantor notice at the time of or prior to such an interior inspection specifying such reasonable cause.

**8. Grantor's Loan Application.** Grantor shall be in default if, during the Loan application process, Grantor or any persons or entities acting at the direction of Grantor or with Grantor's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Grantor's occupancy of the Property as Grantor's principal residence.

**9. Protection of Beneficiary's Interest in the Property and Rights Under this Deed of Trust.** If (1) Grantor fails to perform the covenants and agreements contained in this Deed of Trust, (2) there is a legal proceeding that might significantly affect Beneficiary's interest in the Property and/or rights under this Deed of Trust (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Deed of Trust or to enforce laws or regulations), or (3) Grantor has abandoned the Property, then Beneficiary may do and pay for whatever is reasonable or appropriate to protect Beneficiary's interest in the Property and rights under this Deed of Trust, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Beneficiary's actions can include, but are not limited to, (1) paying any sums secured by a lien which has priority over this Deed of Trust, (2) appearing in court, and (3) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Deed of Trust, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although

Beneficiary may take action under this Section 9, Beneficiary does not have to do so and is not under any duty or obligation to do so. It is agreed that Beneficiary incurs no liability for not taking any or all actions authorized under this Section 9. Any amounts disbursed by Beneficiary under this Section 9 shall become additional debt of Grantor secured by this Deed of Trust. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Beneficiary to Grantor requesting payment. If this Deed of Trust is on a leasehold, Grantor shall comply with all the provisions of the lease. If Grantor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

**10. Mortgage Insurance.** THIS SECTION TEN DELETED IN ITS ENTIRETY.

**11. Assignment of Miscellaneous Proceeds; Forfeiture.** All Miscellaneous Proceeds are hereby assigned to and shall be paid to Beneficiary. If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Beneficiary's security is not lessened. During such repair and restoration period, Beneficiary shall have the right to hold such Miscellaneous Proceeds until Beneficiary has had an opportunity to inspect such Property to ensure the work has been completed to Beneficiary's satisfaction, provided that such inspection shall be undertaken promptly. Beneficiary may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Beneficiary shall not be required to pay Grantor any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Beneficiary's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with the excess, if any, paid to Grantor. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2. In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with the excess, if any, paid to Grantor. In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the partial taking, destruction, or loss in value, unless Grantor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Grantor. In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Grantor and Beneficiary otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. If the Property is abandoned by Grantor, or if, after notice by Beneficiary to Grantor that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Grantor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due. "Opposing Party" means the third party that owes Grantor Miscellaneous Proceeds or the party against whom Grantor has a right of action in regard to Miscellaneous Proceeds. Grantor shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Beneficiary's judgment, could result in forfeiture of the Property or other material impairment of Beneficiary's interest in the Property or rights under this Deed of Trust. Grantor can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's judgment, precludes forfeiture of the Property or other material impairment of Beneficiary's interest in the Property or rights under this Deed of Trust. The proceeds of any award or claim for damages that are attributable to the impairment of Beneficiary's interest in the Property are hereby assigned and shall be paid to Beneficiary. All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

**12. Grantor Not Released; Forbearance By Beneficiary Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to Grantor or any Successor in Interest of Grantor shall not operate to release the liability of Grantor or any Successors in Interest of Grantor. Beneficiary shall not be required to commence proceedings against any Successor in Interest of Grantor or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor or any Successors in Interest of Grantor. Any forbearance by Beneficiary in exercising any right or remedy including, without limitation, Beneficiary's acceptance of payments from third persons, entities or Successors in Interest of Grantor or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

**13. Joint and Several Liability; Co-signers; Successors and Assigns Bound.** Grantor covenants and agrees that Grantor's obligations and liability shall be joint and several. However, any Grantor who co-signs this Deed of Trust but does not execute the Note (a "co-signer"): (a) is co-signing this Deed of Trust only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Deed of Trust; (b) is not personally obligated to pay the sums secured by this Deed of Trust; and (c) agrees that Beneficiary and any other Grantor can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Deed of Trust or the Note without the co-signer's consent. Subject to the provisions of Section 18, any Successor in Interest of Grantor who assumes Grantor's obligations under this Deed of Trust in writing, and is approved by Beneficiary, shall obtain all of Grantor's rights and benefits under this Deed of Trust. Grantor shall not be released from Grantor's obligations and liability under this Deed of Trust unless Beneficiary agrees to such release in writing. The covenants and agreements of this Deed of Trust shall bind (except as provided in Section 20) and benefit the successors and assigns of Beneficiary.

**14. Loan Charges.** Beneficiary may charge Grantor fees for services performed in connection with Grantor's default, for the purpose of protecting Beneficiary's interest in the Property and rights under this Deed of Trust, including, but not limited to, attorneys fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Deed of Trust to charge a specific fee to Grantor shall not be construed as a prohibition on the charging of such fee. Beneficiary may not charge fees that are expressly prohibited by this Deed of Trust or by Applicable Law. If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Grantor which exceeded permitted limits will be refunded to Grantor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Grantor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Grantor's acceptance of any such refund made by direct payment to Grantor will constitute a waiver of any right of action Grantor might have arising out of such overcharge.

**15. Notices.** All notices given by Grantor or Beneficiary in connection with this Deed of Trust must be in writing. Any notice to Grantor in connection with this Deed of Trust shall be deemed to have been given to Grantor when mailed by first class mail or when actually delivered to Grantor's notice address if sent by other means. Notice to any one Grantor shall constitute notice to all Grantors unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Grantor has designated a substitute notice address by notice to Beneficiary. Grantor shall promptly notify Beneficiary of Grantor's change of address. If Beneficiary specifies a procedure for reporting Grantor's change of address, then Grantor shall only report a change of address through that specified procedure. There may be only one designated notice address under this Deed of Trust at any one time. Any notice to Beneficiary shall be given by delivering it or by mailing it by first class mail to Beneficiary's address stated herein unless Beneficiary has designated another address by notice to Grantor. Any notice in connection with this Deed of Trust shall not be deemed to have been given to Beneficiary until actually received by Beneficiary. If any notice required by this Deed of Trust is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Deed of Trust.

**16. Governing Law; Severability; Rules of Construction.** This Deed of Trust shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Deed of Trust are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Deed of Trust or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. As used in this Deed of Trust: (1) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender, (2) words in the singular shall mean and include the plural and vice versa, and (3) the word "may" gives sole discretion without any obligation to take any action.

**17. Grantor's Copy.** Grantor shall be given one copy of the Note and of this Deed of Trust.

**18. Transfer of the Property or a Beneficial Interest in Grantor.** As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Grantor at a future date to a purchaser. If all or any part of the Property or any Interest in the Property is sold or transferred (or if Grantor is not a natural person and a beneficial interest in Grantor is sold or transferred) without Beneficiary's prior written consent, Beneficiary may require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if such exercise is prohibited by federal law. If Beneficiary exercises this option, Beneficiary shall give Grantor notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Grantor.

**19. Grantor's Right to Reinstate After Acceleration.** If Grantor meets certain conditions, Grantor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earliest of: (i) five days before sale of the Property pursuant to any power of sale contained in this Deed of Trust; (ii) such other period as Applicable Law might specify for the termination of Grantor's right to reinstate; or (iii) entry of a judgment enforcing this Deed of Trust. Those conditions are that Grantor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Beneficiary's interest in the Property and rights under this Deed of Trust; and (d) takes such action as Beneficiary may reasonably require to assure that Beneficiary's interest in the Property and rights under this Deed of Trust, and Grantor's obligation to pay the sums secured by this Deed of Trust, shall continue unchanged. Beneficiary may require that Grantor pay such reinstatement sums and expenses in one or more of the following forms, as selected by Beneficiary: (a) cash, (b) money order, (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity or (d) Electronic Funds Transfer. Upon reinstatement by Grantor, this Deed of Trust and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

**20. Sale of Note; Change of Loan Servicer; Notice of Grievance.** The Note or a partial interest in the Note (together with this Deed of Trust) can be sold one or more times without prior notice to Grantor. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Deed of Trust and performs other mortgage loan servicing obligations under the Note, this Deed of Trust, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Grantor will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a



Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Grantor will remain with the Loan Servicer or be transferred to a successor Loan Servicer(s) and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser. Neither Grantor nor Beneficiary may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Deed of Trust or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Deed of Trust, until such Grantor or Beneficiary has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Grantor pursuant to Section 22 and the notice of acceleration given to Grantor pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

**21. Hazardous Substances.** As used in this Section 21: (1) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (2) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law and (4) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup. Grantor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Grantor shall not do, nor allow anyone else to do, anything affecting the Property (1) that is in violation of any Environmental Law, (2) which creates an Environmental Condition or (3) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products). Grantor shall promptly give Beneficiary written notice of (1) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Grantor has actual knowledge; (2) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (3) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Grantor learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Grantor shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Beneficiary for an Environmental Cleanup.

NON UNIFORM COVENANTS. Grantor and Beneficiary further covenant and agree as follows:

**22. Acceleration; Remedies.** Beneficiary shall give notice to Grantor prior to acceleration following Grantor's breach of any covenant or agreement in this Deed of Trust (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Grantor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Grantor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Grantor to acceleration and sale. If the default is not cured on or before the date specified in the notice, Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but

not limited to, reasonable attorneys' fees and costs of title evidence. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall give to Grantor, the owner of the Property, and all other persons, notice of sale as required by Applicable Law. Trustee shall give public notice of sale by advertising, in accordance with Applicable Law, once a week for two successive weeks in a newspaper having general circulation in the county or city in which any part of the Property is located, and by such additional or any different form of advertisement the Trustee deems advisable. The advertisement of sale shall set forth a description of the property sold, and shall identify the property by street address, if any, or, if none, shall give the general location of the property with reference to streets, routes, or known landmarks. The advertisement shall also include the time, place and terms of sale and shall give the names of the Trustee or Trustees. It shall set forth the name, address and telephone number of such person (s) (either a Trustee or the party secured or its agent or attorney) as may be able to respond to inquiries concerning the sale. Trustee may sell the Property on the eighth day after the first advertisement or any day thereafter, but not later than 30 days following the last advertisement. Trustee, without demand on Grantor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by advertising in accordance with Applicable Law. Beneficiary or its designee may purchase the Property at any sale. Trustee shall deliver to the purchaser Trustee's deed conveying the Property with special warranty of title. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to discharge the expenses of executing the trust, including a reasonable commission to Trustee; (b) to discharge all taxes, levies, and assessment, with costs and interest if these costs have priority over the lien of this Deed of Trust, including the due pro rata thereof for the current year; (c) to discharge in the order of their priority, if any, the remaining debts and obligations secured by this Deed of Trust, and any liens of record inferior to this Deed of Trust under which sale is made, with lawful interest; and, (d) the residue of the proceeds shall be paid to Grantor or Grantor's assigns. Trustee shall not be required to take possession of the Property prior to the sale thereof or to deliver possession of the Property to the purchaser at the sale.

**23. Release.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to release this Deed of Trust and shall surrender all notes evidencing debt secured by this Deed of Trust to Trustee. Trustee shall release this Deed of Trust. Grantor shall pay any recordation costs. Beneficiary may charge Grantor a fee for releasing this Deed of Trust, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

**24. Any Trustee May Act/Substitute Trustee.** The Grantor, and all interested in the obligations hereby secured, by accepting the benefits hereof, agree that all authority, power and discretion hereinabove granted to the Trustee may be exercised by any of them, without any other, with same effect as if exercised jointly by all of them. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

**25. Identification of Note.** The Note is identified by a certificate on the Note executed by any notary public who certifies an acknowledgment hereto.

**26. Purchase Money Deed of Trust.** This Deed of Trust is a Purchase Money Deed of Trust given to secure a portion of the purchase price for the Property.

**27. Second Deed of Trust.** Simultaneously herewith, Grantor is executing and delivering to Beneficiary a Second Purchase Money Promissory Note (the "Second Note") and a Second Deed of Trust (collectively, the "Subordinated Deed of Trusts"). Grantor will observe and perform all covenants and other obligations contained in the Subordinated Deed of Trusts and any other instrument affecting the Property, whether senior or subordinate to this Deed of Trust.

**28. Right of First Refusal.** Borrower covenants and agrees that in the event it shall desire to sell or convey the Property during the term of this Security Instrument, Borrower shall first offer the Property to Lender, or Lender's successor in interest, in the following manner:

Borrower shall serve notice in writing to Lender, or its successor in interest, by registered mail, return receipt requested. The notice shall indicate that Borrower has a bona fide written offer for the sale of the Property, the name and address of the person desiring to purchase the Property, and the sales price and other terms of the sale. The notice shall also contain an offer to sell the Property to Lender, or its successor in interest, upon the terms and conditions set forth in the bona fide offer.

For a period of thirty (30) days after the receipt of the notice, Lender, or its successor in interest, shall have the right to purchase the Property in accordance with the terms of the bona fide offer; provided, however, that Lender shall have the right to receive a credit toward the purchase price of the Property from Borrower in the amount of the outstanding principal balance due under the Note, the Subordinated Security Instruments, and any sums due under Paragraph 29 below. If Lender, or its successor in interest, fails to exercise the right to purchase set forth in this Paragraph 28, Borrower may sell or convey the Property, to the party making the bona fide offer, but only at the price and upon the terms specified in the notice; provided, however, that Lender shall not waive its rights under Section 18 of this Security Instrument by waiving its right of first refusal. In the event Lender timely notifies Borrower that it elects to purchase the Property on the terms provided in the notice set forth in the preceding paragraph, Lender and Borrower shall promptly, but no later than sixty (60) days after the date of notice from Lender to Borrower, execute such usual and customary documents as shall be required in order to consummate such transaction.

**29. Sale of Property.** In the event the Property shall be sold (including, without limitation, any foreclosure sale or transfer by deed in lieu of foreclosure), refinanced or otherwise encumbered by Borrower, there shall be due and payable to Lender, in addition to the then unpaid principal balance, a share of "Appreciation in Value" of the Property (defined below).

a. The Appreciation in Value shall be computed as the difference between: (i) the proceeds of any sale or of any new mortgage loan, net of normal sales and closing costs and (ii) the "ownership basis" of Borrower. The "ownership basis" shall be the sum of the initial cost of the Property actually paid (not including the sums due and owing under this Security Instrument and the Subordinated Security Instruments), pursuant to Sections 1 and 2, by Borrower to the Lender and the cost of any improvements actually made by Borrower to the Property, at its own expense, provided that such improvements and the cost thereof shall have been approved in writing by Lender.

b. In addition, the entire proceeds of any subordinate or junior mortgage loan other than the Second Deed of Trust actually paid by Borrower shall be deemed to be Appreciation in Value.

c. If any such sale, refinancing or encumbrancing shall occur within three (3) years from the date of this Security Instrument, all of such Appreciation in Value shall be payable to Lender.

d. After three (3) years from the date of this Security Instrument, Lender shall be entitled to that amount expressed as a percentage of the Appreciation in Value, if any, equal to one hundred, minus the product of the percentage of the original principal amount actually paid on the Note, multiplied by two (2), up to ten (10) years from the date of this Security Instrument [**Affiliate may insert a different multiple - change example accordingly**]. For example, if Borrower has repaid to Lender fifteen percent (15%) of the amount evidenced thereby, Lender shall retain seventy percent (70%) of the Appreciation in Value.

Solely for the purpose of complying with the provisions of Section 6.1-330.88 of the Virginia Code, as amended, and without modifying or limiting the foregoing, the Grantor states the following: NOTICE – THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF

BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY CONVEYED.

**30. USURY SAVINGS CLAUSE.** Notwithstanding any other provision herein, the aggregate interest rate charged hereunder or under the Note, including all charges, fees, payments of Appreciation in Value or other payments in connection herewith or therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate (as such term is defined below). It is the intention of Beneficiary and Grantor to conform strictly to any applicable usury laws. Accordingly, if Beneficiary contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be canceled automatically and, if previously paid, shall at Beneficiary's option be applied to the outstanding principal balance under the Note or be refunded to Grantor. As used in this paragraph, the term "Highest Lawful Rate" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to Beneficiary which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

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**NOTICE: THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY CONVEYED.**

BY SIGNING BELOW, Grantor accepts and agrees to the terms and covenants contained in this Deed of Trust and in any rider(s) executed by Grantor and recorded with it.

\_\_\_\_\_  
- Grantor \_\_\_\_\_(Seal)

\_\_\_\_\_  
- Grantor \_\_\_\_\_(Seal)

**[Space Below This Line For Acknowledgment]**